

Message Text

LIMITED OFFICIAL USE

PAGE 01 MTN GE 02027 171937Z

41

ACTION STR-04

INFO OCT-01 ARA-06 EUR-12 NEA-10 IO-11 ISO-00 STRE-00

AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 EB-07 FRB-03

H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01

SP-02 FEAE-00 OMB-01 OIC-02 /121 W
----- 052580

P R 171832Z MAR 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC PRIORITY 1278

INFO AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY MADRID PRIORITY

AMEMBASSY MEXICO CITY

AMEMBASSY NEW DELHI

LIMITED OFFICIAL USE MTN GENEVA 2027

MADRID FOR AMBASSADOR WALKER

ACTION STR

H PASS CODEL

EO 11652: N/A

TAGS: MTN ETRD

SUBJECT: US/DEVELOPING COUNTRY CONSULTATIONS ON TARIFF FORMULA

1. US MTN DEL LEAD BY AMB WALKER BRIEFED MARCH 16 KEY
DEVELOPING COUNTRY MTN DELS (MEXICO, GARRIDO RUIZ
AND TELLO; BRAZIL, BIER AND BARTHEL ROSA; ARGENTINA, ARLIA
AND RAIMONDI; AND INDIA, SANDILYA) ON TARIFF REDUCTION FORMULA
US PLANS TO PRESENT TO THE MEETING OF THE MTN TARIFFS GROUP
MARCH 23. STRESSING IMPORTANCE US ATTACHES TO THE TARIFF
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MTN GE 02027 171937Z

CUTTING HYPOTHESIS, AMB WALKER NOTED THE EXTENSIVE CONSULTATIONS

WITH THE PRIVATE SECTOR AND THE CONGRESS AND CONSIDERABLE ANALYSIS PRECEDING US DECISIONS ON THIS QUESTION. WALKER SAID THAT US OBJECTIVES FOR TARIFF CUTTING IN THE MTN WERE SIGNIFICANT OVERALL REDUCTIONS OF TARIFFS WITH HARMONIZATION THROUGH A HYPOTHESIS WHICH IS MORE AMBITIOUS THAN KENNEDY ROUND HYPOTHESIS OF 50 PERCENT IS AIMED AT REDUCING DUTIES WITHIN THE TARIFF DISTRIBUTION RANGE IN WHICH A LARGE MAJORITY OF DEVELOPED COUNTRY RATES NOW FALL, ENSURES MORE EQUITABLE ACCESS AMONG DEVELOPED COUNTRY MARKETS, AND PROVIDES MORE SECURE AND MORE FAVORABLE ACCESS FOR LDC EXPORTS. AS AGREED IN TPRG MEETING MARCH 13, WALKER STATED THAT IN US VIEW THE BEST HYPOTHESIS TO ACHIEVE THOSE GOALS WOULD BE YE EQUALS 1.5X PLUS 50, UP TO A MAXIMUM 60 PERCENT REDUCTION ON EACH ITEM AND APPLIES TO TARIFFS ON ALL PRODUCTS. (PERCENTAGE DEPTH OF CUT FOR EACH TARIFF ITEM EQUALS 1.5 TIMES EXISTING TARIFF PLUS 50 PERCENT) AMB WALKER STRESSED IMPORTANT OBJECTIVE OF US FORMULA WAS TO SEEK IMPROVED MARKET ACCESS FOR DEVELOPING COUNTRY EXPORTS, NOTING US PROPOSAL FOR SUBSTANTIAL MFN TARIFF REDUCTIONS WAS MOST EFFECTIVE MEANS TO REDUCE TARIFF ESCALATION WHICH IS DISINCENTIVE FOR PROCESSING OF RAW MATERIALS AND AGRICULTURAL PRODUCTS IN PRODUCING COUNTRIES. HE NOTED US ALSO PLANNED TO RESTATE ITS PROPOSAL FOR THE INITIATION OF A CROSS-NOTIFICATION PROCEDURE BETWEEN PROSPECTIVE TARIFF FORMULA AND NON-FORMULA COUNTRIES, EMPHASIZING IMPORTANCE OF GETTING SPECIFIC DEVELOPINGCOUNTRY EXPORT INTERESTS ON TABLE AS SOON AS POSSIBLE. WITH SUCH INFO STEPS COULD BE PROVIDED TO, INTER ALIA: A) IDENTIFY PRODUCTS FOR CONSIDERATION DEEPER-THAN-FORMULA TARIFF CUTS; B) CONSIDER DIFFERENTIAL STAGING ON PRODUCTS OF EXPORT INTEREST TO DEVELOPING COUNTRIES THAN ON OTHER PRODUCTS IN THE NEGOTIATIONS; AND C) LIMIT EXCEPTIONS FROM TARIFF FORMULA ON ITEMS OF EXPORT INTEREST TO DEVELOPING COUNTRIES.

2. MEXICO (GARRIDO RUIZ) SOUGHT RECONFIRMATION OF USE US EXPECTED TO MAKE OF INFO DEVELOPED FROM CROSS-NOTIFICATION PROCEDURES. HE ASKED IF US DID NOT ENVISAGE REDUCING TO ZERO DUTIES OF 5 PERCENT OR LESS. AMB WALKER LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MTN GE 02027 171937Z

CONFIRMED THIS WOULD BE RESULT OF US TARIFF FORMULA NOTING, HOWEVER, US WILLING CONSIDER DEEPER-THAN-FORMULA CUTS INCLUDING DUTY ELIMINATION ON PRODUCTS OF EXPORT INTEREST TO DEVELOPING COUNTRIES. GARRIDO NOTED THAT IT WOULD BE IMPORTANT TO KNOW THE EXCEPTIONS FROM THE TARIFF FORMULA IN ORDER TO DECIDE WHICH FORMULA WOULD BE OF MOST BENEFIT TO DEVELOPING COUNTRIES, WITH ONE KEY ISSUE WHETHER EXCEPTIONS WOULD BE BASED ON SPECIFIC PRODUCTS OR GROUPS OF PRODUCTS.

AMB WALKER NOTED US DID NOT YET HAVE DETAILED EXCEPTIONS POLICY, BUT WAS PREPARED TO PURSUE POLICY OF MAXIMUM RESTRAINT TO MINIMIZE EXCEPTIONS IF AGREEMENT COULD BE REACHED ON SUCH A POLICY WITH OTHER FORMULA COUNTRIES.

3. ARGENTINA (ARLIA) NOTED THAT NOW THAT THERE WOULD BE SPECIFIC TARIFF PROPOSALS ON TABLE. GATT SECRETARIAT COULD PROCEED WITH STUDY TO EVALUATE AFFECT OF FORMULA ON LDC'S TRADE INTERESTS, INCLUDING ISSUES OF:

A) HOW FORMULA IMPROVES TARIFF ACCESS OF PRODUCTS OF INTEREST TO DEVELOPING COUNTRIES; AND
B) WHAT ARE NEGATIVE EFFECTS OF TARIFF REDUCTIONS ON GSP PREFERENCE MARGINS. AMB WALKER NOTED AGREEMENT IN TARIFFS GROUP FOR STUDY BUT STATED PARAMETERS OF STUDY NEEDED TO BE WORKED OUT AT TECHNICAL LEVEL TO BE SURE ALL RELEVANT ISSUES CONSIDERED, SUCH AS EFFECTIVENESS OF VARIOUS FORMULAS IN REDUCING TARIFF ESCALATION PROBLEM.

4. ARLIA ALSO QUESTIONED HOW US PROPOSED GIVE LDC'S "DIFFERENTIATED" TREATMENT IN TARIFFS GROUP, NOTING THAT SPECIAL PROCEDURES US WAS MENTIONING WERE ALSO AVAILABLE FOR DEVELOPED COUNTRIES IF THEY WERE WILLING TO "PAY" FOR THEM. AMB WALKER NOTED THAT SPECIAL TREATMENT OF PRODUCTS OF INTEREST TO LDC'S HAD TO BE ON MFN BASIS. AGREEMENT IN TOKYO DECLARATION ON "LESS-THAN-FULL" RECIPROCITY FOR DEVELOPING COUNTRIES WAS SIGNIFICANT AGREEMENT BENEFITTING LDC'S WHICH SHOULD NOT BE LOST SIGHT OF.

5. BRAZIL (BIER) STATED HE SHARED COMMENTS AND QUESTIONS BY MEXICO AND ARGENTINA, NOTING THAT US PROPOSAL SEEMED VERY AMBITIOUS. HE ASKED IF US HAD HAD ANY REACTIONS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 MTN GE 02027 171937Z

FROM EC ON HOW THIS PROPOSAL MIGHT AFFECT LOME AND GSP PREFERENCES MARGINS? AMB WALKER STATED WE HAD HAD NO REACTION FROM EC ON THIS POINT AS YET, BUT NOTING THAT US INCLUSION OF A HARMONIZATION ELEMENT IN OUR TARIFF FORMULA ALONG WITH OUR TRADITIONAL PREFERENCE FOR A LINEAR CUT WAS A SIGNIFICANT STEP TOWARDS THE EC POSITION THAT WE HOPED COULD RESULT IN PROMPT AGREEMENT ON A TARIFF FORMULA. US FIRMLY BELIEVED THAT LARGE MFN TARIFFS CUTS WERE MUCH MORE IN INTEREST OF DEVELOPING COUNTRIES THAN UNILATERAL, UNBOUND GSP CONCESSIONS.

6. BIER ASKED IF CROSS NOTIFICATIONS PROCEDURE COULD ALSO BE USED TO IDENTIFY THOSE PRODUCTS ON WHICH DEVELOPING COUNTRIES WOULD PREFER MAINTANANCE OF GSP MARGINS, AND HENCE WOULD REQUEST LESS-THAN-FORMULA TARIFF CUTS?

AMB WALKER NOTED THAT WE WERE INVOLVED IN A NEGOTIATION, THAT IT WAS IMPORTANT TO GET ALL INTERESTS ON TABLE, AND THAT WE WOULD BE WILLING TO RECEIVE REQUESTS FOR SUCH TREATMENT.

7. INDIA (SANDILYA) ASKED IF DEEPER THAN FORMULA MTN CUTS COULD GO TO ZERO, SINCE GSP RECIPIENTS WOULD STILL ENJOY PREFERENCE MARGINS ON THOSE PRODUCTS INCLUDED IN GSP ON WHICH IT WAS NOT POSSIBLE TO GO TO ZERO. US DEL RESPONDED THAT US COULD GO TO ZERO ON THOSE PRODUCTS ON WHICH THE DUTY WAS 5 PCT OR LESS, BUT ONLY UP TO 60 PCT REDUCTION ON HIGHER DUTY ITEMS.

8. FOLLOWING BRIEFING, ARGENTINE DEL TOLD US DEL PRIVATELY THAT ARGENTINA HAD DECIDED MTN TARIFF CONCESSIONS WERE IN ITS BEST INTERESTS. BRAZILIAN DEL TOLD US DEL LATER THAT IT WAS MOST FAVORABLY IMPRESSED BY US PROPOSAL WHICH IT WOULD RECOMMEND TO BRAZILIA. BRAZIL DEL NOTED, HOWEVER, BRAZILIA DID NOT OFTEN FOLLOW THE DELEGATION'S RECOMMENDATIONS. MCNAMARA

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LESS DEVELOPED COUNTRIES, MEETINGS, TARIFF NEGOTIATIONS, TARIFF LIBERALIZATION
Control Number: n/a
Copy: SINGLE
Draft Date: 17 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MTNGE02027
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760101-0132
From: MTN GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760352/aaaabtjp.tel
Line Count: 189
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 07 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 MAY 2004 by woolflhd>; APPROVED <02 SEP 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: US/DEVELOPING COUNTRY CONSULTATIONS ON TARIFF FORMULA
TAGS: ETRD, US, MTN
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006